

~~CONFIDENTIAL~~

SENIOR INTERDEPARTMENTAL GROUP - INTERNATIONAL ECONOMIC POLICY

September 16, 1983
11:00 a.m.
Roosevelt Room

Attendees:

Treasury
Secretary Regan (Chairman)
Marc Leland

CIA
Maurice Ernst

Office of the Vice President
G. Philip Hughes

USTR
Harvey Bale
Bruce Wilson

State
W. Allen Wallis

CEA
Martin Feldstein

Defense
Fred C. Ikle
Dov Zakheim

AID
Richard Derham

Agriculture
Secretary Block
Alan Tracy

OPD
Eugene McAllister

Commerce
Lionel H. Olmer

NSC
Roger Robinson
Richard Levine

OMB
Joseph Wright
Alton Keel

International Debt Update

The Chairman noted that the Brazilian situation had taken a turn for the better. Treasury reported that in the Argentine situation all political parties had agreed to postpone discussion of the debt until after the upcoming election.

Brazil was back in compliance, with new conditions to be presented to the IMF board for approval. Brazil will have a financing gap by 1983-84 of about \$11 billion. A trade surplus of \$9 billion was expected in 1984.

IMF Legislation

IMF legislation was referenced as being in precarious shape due to a variety of political factors. Discussion centered on a legislative strategy to improve the chances of the IMF bill's passage. It was agreed that without the new U.S. funding for the

~~CONFIDENTIAL~~

DECLASSIFY: OADR

25X1

CONFIDENTIAL

IMF, the U.S. position within the IMF could possibly erode to the potential benefit of East bloc countries. In the Philippines, the IMF staff had not yet completed their mid-term review, but the situation appeared to have recently eroded further.

Inter-American Investment Corporation

The proposed Inter-American Investment Corporation would be affiliated with the Inter-American Bank. Today very little American capital is going to entrepreneurs in small Latin American countries. The Inter-American Investment Corporation would represent an effort to advance capitalism in these countries. Many details concerning the concept and implementation have not yet been decided.

The SIG concluded that the Inter-American Investment Corporation probably was a positive step but not distinctly so. Its pilot performance would have to be evaluated.

CONFIDENTIAL